Michigan Department of Treasury
5597 (Rev. 10-19)

Protecting Local Government Retirement and Benefits Act Corrective Action Plan:
Retirement Health Benefit Systems

Issued under authority of Public Act 202 of 2017 (the Act).

1. LOCAL GOVERNMENT INFORMATION

Local Government Name: Genesee County Six-Digit Muni Code: 250000

Retirement Health Benefit System Name: Genesee County Retirees' Health Care Plan and Trust

Contact Name (Administrative Officer): Chrystal Simpson

Title if not Administrative Officer: Chief Financial Officer Telephone: (810) 257-3092

Email (Communication will be sent here): csimpson@co.genesee.mi.us

Fiscal Year System was Determined to be Underfunded: 2018

2. GENERAL INFORMATION

Corrective Action Plan: An underfunded local government shall develop and submit for approval a corrective action plan for the local government. The local government shall determine the components of the corrective action plan. This corrective action plan shall be submitted by any local government with at least one retirement health benefit system that has been determined to have an underfunded status. Underfunded status for a retirement health system is defined as being less than 40% funded according to the most recent audited financial statements, and, if the local government is a city, village, township, or county, the actuarially determined contribution (ADC) for all of the retirement health systems of the local government is greater than 12% of the local government's annual governmental fund revenues, based on the most recent fiscal year.

Due Date: The local government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board (the Board). The Board may extend the 180-day deadline by up to an additional 45 days if the local government submits a reasonable draft of a corrective action plan and requests an extension.

Filing: Per Sec. 10(1) of the Act, this corrective action plan must be approved by the local government's administrative officer and its governing body. ***You must provide proof of your governing body approving this corrective action plan and attach the documentation as a separate PDF document.*** Failure to provide documentation that demonstrates approval from your governing body will automatically result in a disapproval of the corrective action plan.

The submitted plan must demonstrate through distinct supporting documentation how and when the local government will reach the 40% funded ratio. Or, if the local government is a city, village, township, or county, the submitted plan may demonstrate how and when the ADC for all retirement health systems will be less than 12% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ADC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local government must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at LocalRetirementReporting@michigan.gov for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-20XX, Local Government Name, Retirement System Name** (e.g. Corrective Action Plan-2019, City of Lansing, Employees' Retirement System OPEB Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

Municipal Stability Board: The Board shall review and vote on the approval of a corrective action plan submitted by a local government. If a corrective action plan is approved, the Board will monitor the corrective action plan and report on the local government's compliance with the Act not less than every two years.

Review Process: Following receipt of the email by Treasury, the Board will receive the corrective action plan submission at the Board's next scheduled meeting. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

Considerations for Approval: A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status, as well as the date prospective actions will be taken. A local government may also include in its corrective action plan a review of the local government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

(i) Requiring cost sharing of premiums and sufficient copays;
(ii) Capping employer costs.

Implementation: The local government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local government is in substantial compliance with the Act. If the Board determines that an underfunded local government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local government detailing the reasons for the determination of noncompliance with the corrective action plan. The local government has 60 days from the date of the notification to address the determination of noncompliance.

3. DESCRIPTION OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

- If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local government done to improve its underfunded status, and which attachment(s) supports your actions).

- Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

Category of Prior Actions:

☒ **System Design Changes** - System design changes may include the following: changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *Benefit levels of the retired membership mirrors the current collective bargaining agreement for each class of employee. On **January 1, 2019**, the local government entered into new collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** that increased employee co-payments and deductibles for health care. These coverage changes resulted in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system is **40%** funded as of **June 30, 2019**.*

Genesee County closed the retiree health care plan in 2011. Employees hired after 3/23/2011 receive a deposit of a flat amount per pay to be used toward IRS approved healthcare expenses in retirement. The new plan has a 15 year vesting period. The administrator of the new plan is now Municipal Employees Retirement System (MERS).

☐ **Additional Funding –** Additional funding may include the following: paying the ADC in addition to retiree premiums, voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local government created a qualified trust to receive, invest, and accumulate assets for retirement health care on **June 23, 2016**. The local government adopted a policy to change its funding methodology from Pay-Go to full funding of the ADC. Furthermore, the local government committed to contributing **$500,000** annually, in addition to the ADC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2022**. Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ADC and additional **$500,000** for the next five years.*

☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *The information provided on the Form 5572 from the audit used actuarial data from **2017**. Attached is an updated actuarial valuation from **2019** that shows our funded ratio has improved to **42%** as indicated on page **13**.*

4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prospective actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement system as a whole.

Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local government do to improve its underfunded status, and which attachment(s) supports your actions).

Category of Prospective Actions:

☒ **System Design Changes** - System design changes may include the following: changes to coverage levels (including retiree co-payments, deductibles, and Medicare eligibility), changes to premium cost-sharing, eligibility changes, switch to defined contribution retiree health care plan, changes to retiree health care coverage for new hires, etc.

Sample Statement: *The local government will seek to align benefit levels for the retired membership with each class of active employees. Beginning with **summer 2020** contract negotiations, the local government will seek revised collective bargaining agreements with the **Command Officers Association** and **Internal Association of Firefighters** to increase employee co-payments and deductibles for health care. These coverage changes would result in an improvement to the retirement system's funded ratio. Please see page **12** of the attached actuarial analysis that indicates the system would be **40%** funded by **fiscal year 2030** if these changes were adopted and implemented by **fiscal year 2021**.*

The County is currently working with a health care consultant for potential system design changes that will aid in transition to the 40% funding status within 30 years. The consultant has provided preliminary data and we are now in the process of moving forward with the next steps to bid out the benefit package to quantify the potential cost savings. Nyhart was hired to do an actuarial projection based on the information provided by Plante & Moran for possible changes to the plan, 25% of covered payroll contributions going forward, and additional General Fund contributions which arrived at the 40% funded status within the required timeframe.

☒ **Additional Funding –** Additional funding may include the following: meeting the ADC in addition to retiree premiums, voluntary contributions above the ADC, bonding, millage increases, restricted funds, etc.

Sample Statement: *The local government will create a qualified trust to receive, invest, and accumulate assets for retirement health care by **December 31, 2020**. The local government will adopt a policy to change its funding methodology from Pay-Go to full funding of the ADC by **December 31, 2020**. Additionally, beginning in fiscal year 2021, the local government will contribute **$500,000** annually in addition to the ADC for the next five fiscal years. The additional contributions will increase the retirement system's funded ratio to **40%** by **2023.** Please see page **10** of the attached resolution from our governing body demonstrating the commitment to contribute the ADC and additional **$500,000** for the next five years.*

In the current year, the General Fund budget included an additional $9,000,000 contribution of which $7,000,000 has already been transferred to the trust account. In the actuarial projection, additional amounts are included for each fiscal year which will increase the system's funded ratio to 40% by 2050. See attachment 2a for more information.

☐ **Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

Sample Statement: *Beginning in **fiscal year 2020**, the local government will begin amortizing the unfunded portion of the health care liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the health system to reach a funded status of **42%** by **2023** as shown in the attached actuarial analysis on page **13**.*

5. CONFIRMATION OF FUNDING

Please check the applicable answer:

Do the corrective actions listed in this plan allow for your local government to make, at a minimum, the retiree premium payment, as well as the normal cost payments for all new hires (if applicable), for the retirement health benefit system according to your long-term budget forecast?

☒ **Yes**

☐ **No, Explain:**

The County will pay the retiree premium payment from the Trust and will continue to make contributions out of the governmental, proprietary, and internal service funds where applicable of 25% of covered payroll and additional funding from General Fund. New hires are not eligible for this benefit.

6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN

Documentation should be attached as a PDF to this corrective action plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

Naming Convention: When attaching documents. please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

Naming Convention:	**Type of Document:**
☒ Attachment – 1	**This corrective action plan (required);**
☒ Attachment – 1a	**Documentation from the governing body approving this corrective action plan (required);**
☒ Attachment – 2a	**An actuarial projection, an actuarial valuation, or an internally developed analysis (in accordance with GASB and/or actuarial standards of practice), which illustrates how and when the local government will reach the 40% funded ratio. Or, if the local government is a city, village, township, or county, how and when the ADC will be less than 12% of governmental fund revenues, as defined by the Act (required);**
☐ Attachment – 3a	Documentation of additional payments in past years that are not reflected in your audited financial statements (e.g. enacted budget, system provided information);
☐ Attachment – 4a	Documentation of commitment to additional payments in future years (e.g. resolution, ordinance);
☐ Attachment – 5a	A separate corrective action plan that the local government has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio;
☐ Attachment – 6a	Other documentation, not categorized above.

7. CORRECTIVE ACTION PLAN CRITERIA

Please confirm that each of the three corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

Corrective Action Plan Criteria:	Description:
☒ Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 40% funded ratio? Or, if your local government is a city, village, township, or county, how and when the ADC of all retirement health care systems will be less than 12% of governmental fund revenues? Do the corrective actions address the underfunded status in a reasonable timeframe?
☒ Legality	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included?
☒ Affordability	Do the corrective action(s) listed allow the local government to make the retiree health care premium payment, as well as normal cost payments for new hires now and into the future without additional changes to this corrective action plan?

8. LOCAL GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN

I, Chrystal Simpson, as the government's administrative officer (Ex. City/Township Manager, Executive Director, Chief Executive Officer, etc.) **(insert title)** Chief Financial Officer approve this corrective action plan and will implement the prospective actions contained in this corrective action plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

☒ The Genesee County Retiree's Healthcare Plan **(insert retirement health system name)** will achieve a funded status of at least 40% by fiscal year September 30, 2050 as demonstrated by the required supporting documentation listed in Section 6.

OR, if the local government is a city, village, township, or county:

☐ The ADC for all the retirement health benefit systems of the local government will be less than 12% of the local government's annual governmental fund revenues by fiscal year __________ as demonstrated by required supporting documentation listed in Section 6.

Signature: Chrystal Simpson Date: 4/7/20

TO THE HONORABLE CHAIRPERSON AND MEMBERS OF THE GENESEE COUNTY BOARD OF COMMISSIONERS, GENESEE COUNTY, MICHIGAN

LADIES AND GENTLEMEN:

WHEREAS, in 2017, the Michigan Legislature enacted Public Act 202 of 2017, MCL 38.2801, *et seq*, in order to, among other things, protect local government retirement benefits; and

WHEREAS, based upon Genesee County's 2018 Annual Report (Form 5572), the State of Michigan's Department of Treasury determined that the Genesee County Retirees' Health Care Plan and Trust ("Retirees' Health Care Plan") is underfunded; and

WHEREAS, in accordance with Public Act 202 of 2017, Genesee County is required to submit a corrective action plan to the Department of Treasury that seeks to correct the Retirees' Health Care Plan's underfunded status; and

WHEREAS, Genesee County's Chief Financial Officer has prepared such a corrective action plan that illustrates how and when Genesee County will reach a 40% funding level of the Retirees' Health Care Plan.

NOW, THEREFORE, BE IT RESOLVED, that this Board of County Commissioners of Genesee County, Michigan, hereby approves the attached corrective action plan, and incorporates said plan herein, that was prepared by the Genesee County Chief Financial Officer in compliance with Public Act 202 of 2017 that illustrates how and when Genesee County will reach a 40% funding level of the Genesee County Retirees' Health Care Plan and Trust, and the Chief Financial Officer is directed to submit the corrective action plan to the State Treasury as soon as practicable.

OPEB Funding Projections for PA202 Corrective Action Plan
Genesee County, MI
FYE 9/30/2019

Scenario #1 Description - Pre- & Post- 65 Health Plans Consolidated to Plante Moran rates, Post-65 $300

Data, Plan Provisions, and Assumptions

These projections follow the assumptions as shown below:

Discount Rate	7.00%
Investment Rate of Return	7.00%
Salary Increases	1.75%
Mortality	Healthy Retirees: Pub-2010 General and Public Safety Fully Generational Headcount Weighted Tables using Scale MP-2019 Mortality Im Survivors: Pub-2010 Continuing Survivor Fully Generational using Scale MP-2019 Mortality Improvement
Healthcare Inflation	Pre-Medicare: Actual trend in 2019, then 7.5% down to 4.5% by 0.5% steps Post-Medicare: Actual trend in 2019, then 7.5% down to 4.5% by 0.5% steps
Excise "Cadillac" Tax	Removed based on legislation as of December 2019

All other plan provisions and assumptions follow the City's GASB 74/75 actuarial valuation for fiscal year ending September 30, 2019.

The discount rate assumption used is dependent upon the County's contribtions to the Fund. The discount rate used when OPEB plan investments are to pay for future benefit payments is based on a range of indicies. Under the current contribution policy, the County's fund is expected to be depleted i

Projected Contributions to the OPEB Trust

ER Cont as a % of payroll **25.00%**

Current contribution strategy

As of Date	Payroll for Current Plan Members	Plan Sponsor Contributions for Pay-go Costs	EE Contributions (as a % of payroll)	Additional Plan Sponser Contributions	Total Contributions for Current Plan Members	Pre-funding Plan Sponsor Contributions (in addition to pay-go) Override	Actuarially Determined Contribution (ADC)
	A	B	C	D	F = B + C - D	If needed, enter amount	
10/1/2019	$28,834,353	$7,208,588	$755,693	$9,000,000	$16,964,281	$9,000,000	$17,059,014
10/1/2020	$27,913,796	$6,978,449	$728,682	$9,156,108	$16,863,239	$9,156,108	$17,111,503
10/1/2021	$27,076,037	$6,769,009	$704,588	$9,339,230	$16,812,827	$9,339,230	$17,173,445
10/1/2022	$26,339,781	$6,584,945	$684,798	$9,526,014	$16,795,758	$9,526,014	$17,210,648
10/1/2023	$25,370,703	$6,342,676	$665,158	$9,716,535	$16,724,369	$9,716,535	$17,290,457
10/1/2024	$24,392,184	$6,098,046	$637,353	$9,910,865	$16,646,265	$9,910,865	$17,397,365
10/1/2025	$23,342,002	$5,835,501	$608,104	$10,109,083	$16,552,688	$10,109,083	$17,511,400
10/1/2026	$21,393,851	$5,348,463	$577,535	$10,311,264	$16,237,262	$10,311,264	$17,663,417
10/1/2027	$19,541,297	$4,885,324	$526,302	$10,517,490	$15,929,116	$10,517,490	$17,823,857
10/1/2028	$17,631,031	$4,407,758	$477,553	$10,727,840	$15,613,151	$10,727,840	$18,069,054
10/1/2029	$16,018,917	$4,004,729	$429,338	$10,942,396	$15,376,464	$10,942,396	$18,343,882
10/1/2030	$14,458,283	$3,614,571	$386,910	$11,161,244	$15,162,725	$11,161,244	$18,687,685
10/1/2031	$13,058,494	$3,264,624	$348,777	$11,384,469	$14,997,869	$11,384,469	$19,107,383
10/1/2032	$11,365,948	$2,841,487	$314,883	$11,612,159	$14,768,528	$11,612,159	$19,580,044
10/1/2033	$9,590,085	$2,397,521	$272,417	$11,844,402	$14,514,340	$11,844,402	$20,172,413
10/1/2034	$7,899,229	$1,974,807	$229,587	$12,081,290	$14,285,684	$12,081,290	$20,878,625
10/1/2035	$6,211,656	$1,552,914	$192,460	$12,322,916	$14,068,290	$12,322,916	$21,755,524
10/1/2036	$4,687,551	$1,171,888	$155,130	$12,569,374	$13,896,391	$12,569,374	$22,804,685
10/1/2037	$3,422,157	$855,539	$117,414	$12,820,761	$13,793,715	$12,820,761	$22,408,635
10/1/2038	$2,540,497	$635,124	$85,355	$13,077,177	$13,797,655	$13,077,177	$21,957,243
10/1/2039	$1,965,068	$491,267	$63,472	$13,338,720	$13,893,459	$13,338,720	$21,455,110
10/1/2040	$1,476,213	$369,053	$49,412	$13,605,494	$14,023,960	$13,605,494	$20,908,357
10/1/2041	$980,377	$245,094	$37,306	$13,877,604	$14,160,005	$13,877,604	$20,289,513
10/1/2042	$752,783	$188,196	$25,000	$14,155,156	$14,368,352	$14,155,156	$19,627,058
10/1/2043	$529,831	$132,458	$19,261	$14,438,260	$14,589,978	$14,438,260	$18,892,566
10/1/2044	$383,787	$95,947	$13,983	$14,727,025	$14,836,954	$14,727,025	$18,018,897
10/1/2045	$180,027	$45,007	$10,626	$15,021,565	$15,077,198	$15,021,565	$17,047,206
10/1/2046	$111,863	$27,966	$5,123	$15,321,997	$15,355,086	$15,321,997	$16,000,718
10/1/2047	$63,221	$15,805	$3,356	$15,628,436	$15,647,598	$15,628,436	$14,792,941
10/1/2048	$9,781	$2,445	$1,897	$15,941,005	$15,945,347	$15,941,005	$13,459,690
10/1/2049	$0	$0	$293	$16,259,825	$16,260,119	$16,259,825	$12,013,417
10/1/2050	$0	$0	$0	$16,259,825	$16,259,825	$16,259,825	$10,424,395
10/1/2051	$0	$0	$0	$16,259,825	$16,259,825	$16,259,825	$8,706,743
10/1/2052	$0	$0	$0	$16,259,825	$16,259,825	$16,259,825	$6,875,275
10/1/2053	$0	$0	$0	$16,259,825	$16,259,825	$16,259,825	$4,938,648
10/1/2054	$0	$0	$0	$16,259,825	$16,259,825	$16,259,825	$2,855,082
10/1/2055	$0	$0	$0	$16,259,825	$16,259,825	$16,259,825	$636,780
10/1/2056	$0	$0	$0	$0	$0		$0
10/1/2057	$0	$0	$0	$0	$0		$0
10/1/2058	$0	$0	$0	$0	$0		$0
10/1/2059	$0	$0	$0	$0	$0		$0
10/1/2060	$0	$0	$0	$0	$0		$0
10/1/2061	$0	$0	$0	$0	$0		$0
10/1/2062	$0	$0	$0	$0	$0		$0
10/1/2063	$0	$0	$0	$0	$0		$0
10/1/2064	$0	$0	$0	$0	$0		$0
10/1/2065	$0	$0	$0	$0	$0		$0
10/1/2066	$0	$0	$0	$0	$0		$0
10/1/2067	$0	$0	$0	$0	$0		$0
10/1/2068	$0	$0	$0	$0	$0		$0
10/1/2069	$0	$0	$0	$0	$0		$0
10/1/2070	$0	$0	$0	$0	$0		$0
10/1/2071	$0	$0	$0	$0	$0		$0
10/1/2072	$0	$0	$0	$0	$0		$0
10/1/2073	$0	$0	$0	$0	$0		$0
10/1/2074	$0	$0	$0	$0	$0		$0
10/1/2075	$0	$0	$0	$0	$0		$0
10/1/2076	$0	$0	$0	$0	$0		$0
10/1/2077	$0	$0	$0	$0	$0		$0
10/1/2078	$0	$0	$0	$0	$0		$0
10/1/2079	$0	$0	$0	$0	$0		$0
10/1/2080	$0	$0	$0	$0	$0		$0
10/1/2081	$0	$0	$0	$0	$0		$0
10/1/2082	$0	$0	$0	$0	$0		$0
10/1/2083	$0	$0	$0	$0	$0		$0
10/1/2084	$0	$0	$0	$0	$0		$0
10/1/2085	$0	$0	$0	$0	$0		$0
10/1/2086	$0	$0	$0	$0	$0		$0
10/1/2087	$0	$0	$0	$0	$0		$0
10/1/2088	$0	$0	$0	$0	$0		$0
10/1/2089	$0	$0	$0	$0	$0		$0
10/1/2090	$0	$0	$0	$0	$0		$0
10/1/2091	$0	$0	$0	$0	$0		$0
10/1/2092	$0	$0	$0	$0	$0		$0
10/1/2093	$0	$0	$0	$0	$0		$0
10/1/2094	$0	$0	$0	$0	$0		$0
10/1/2095	$0	$0	$0	$0	$0		$0
10/1/2096	$0	$0	$0	$0	$0		$0
10/1/2097	$0	$0	$0	$0	$0		$0
10/1/2098	$0	$0	$0	$0	$0		$0
10/1/2099	$0	$0	$0	$0	$0		$0
10/1/2100	$0	$0	$0	$0	$0		$0
10/1/2101	$0	$0	$0	$0	$0		$0
10/1/2102	$0	$0	$0	$0	$0		$0
10/1/2103	$0	$0	$0	$0	$0		$0
10/1/2104	$0	$0	$0	$0	$0		$0
10/1/2105	$0	$0	$0	$0	$0		$0
10/1/2106	$0	$0	$0	$0	$0		$0
10/1/2107	$0	$0	$0	$0	$0		$0
10/1/2108	$0	$0	$0	$0	$0		$0
10/1/2109	$0	$0	$0	$0	$0		$0
10/1/2110	$0	$0	$0	$0	$0		$0
10/1/2111	$0	$0	$0	$0	$0		$0
10/1/2112	$0	$0	$0	$0	$0		$0
10/1/2113	$0	$0	$0	$0	$0		$0
10/1/2114	$0	$0	$0	$0	$0		$0
10/1/2115	$0	$0	$0	$0	$0		$0

Will the Plan Sponsor contribute pay-as-you-go costs? No
Pre-funding Plan Sponsor Contributions (in addition to pay-go)
What is the Plan Sponsor's Governmental Fund Revenue? $ 202,110,372 as of 9/30/2019
Expected Annual Increase on Governmental Fund Revenue 2%

Results Summary

Projected Year of 40% Funding of UAA **10/1/2050**
Projected Year of ADC < 12% of GOR **10/1/2019**

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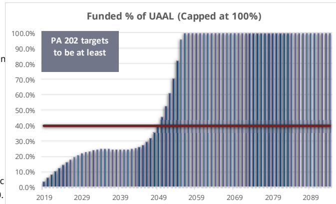
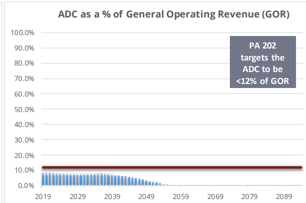
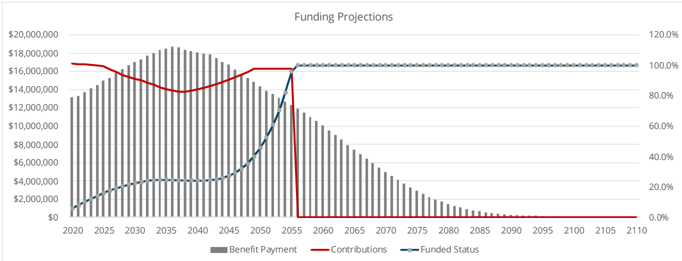




Projected OPEB Trust Balance

OPEB admin	OPEB Trust ROR
0.25%	7.00%

As of Date	BOY Fiduciary Net Position (FNP)	Total ER Contributions for Current Plan Members	Projected Benefit Payments (BP)	Projected Administrative Expense	Projected Investment Earnings	Projected Ending FNP
	G	H = D	I	J	K	L = G + H - I - J + K
10/1/2019	$7,374,499	$16,964,281	$12,722,973	$18,436	$664,015	$12,261,387
10/1/2020	$12,261,387	$16,863,239	$13,121,449	$30,653	$985,990	$16,958,513
10/1/2021	$16,958,513	$16,812,827	$13,266,249	$42,396	$1,307,668	$21,770,363
10/1/2022	$21,770,363	$16,795,758	$13,683,912	$54,426	$1,629,125	$26,456,908
10/1/2023	$26,456,908	$16,724,369	$14,134,951	$66,142	$1,938,805	$30,918,988
10/1/2024	$30,918,988	$16,646,265	$14,441,265	$77,297	$2,237,539	$35,284,230
10/1/2025	$35,284,230	$16,552,688	$14,975,291	$88,211	$2,521,136	$39,294,552
10/1/2026	$39,294,552	$16,237,262	$15,257,002	$98,236	$2,780,967	$42,957,542
10/1/2027	$42,957,542	$15,929,116	$15,828,521	$107,394	$3,006,794	$45,957,538
10/1/2028	$45,957,538	$15,613,151	$16,196,593	$114,894	$3,192,999	$48,452,201
10/1/2029	$48,452,201	$15,376,464	$16,617,987	$121,131	$3,344,768	$50,434,315
10/1/2030	$50,434,315	$15,162,725	$17,000,821	$126,086	$3,462,818	$51,932,951
10/1/2031	$51,932,951	$14,997,869	$17,294,195	$129,832	$3,551,827	$53,058,620
10/1/2032	$53,058,620	$14,768,528	$17,704,821	$132,647	$3,608,507	$53,598,188
10/1/2033	$53,598,188	$14,514,340	$18,000,740	$133,995	$3,627,302	$53,605,095
10/1/2034	$53,605,095	$14,285,684	$18,350,504	$134,013	$3,607,883	$53,014,145
10/1/2035	$53,014,145	$14,068,290	$18,452,345	$132,535	$3,555,583	$52,053,138
10/1/2036	$52,053,138	$13,896,391	$18,652,414	$130,133	$3,475,597	$50,642,579
10/1/2037	$50,642,579	$13,793,715	$18,572,837	$126,606	$3,376,184	$49,113,034
10/1/2038	$49,113,034	$13,797,655	$18,348,679	$122,783	$3,277,096	$47,716,324
10/1/2039	$47,716,324	$13,893,459	$18,200,084	$119,291	$3,187,856	$46,478,264
10/1/2040	$46,478,264	$14,023,960	$18,013,988	$116,196	$3,112,191	$45,484,232
10/1/2041	$45,484,232	$14,160,005	$17,868,806	$113,711	$3,052,371	$44,714,091
10/1/2042	$44,714,091	$14,368,352	$17,835,551	$111,785	$3,006,841	$44,141,948
10/1/2043	$44,141,948	$14,589,978	$17,395,005	$110,355	$2,989,624	$44,216,190
10/1/2044	$44,216,190	$14,836,954	$16,994,346	$110,540	$3,017,098	$44,965,356
10/1/2045	$44,965,356	$15,077,198	$16,735,948	$112,413	$3,086,633	$46,280,825
10/1/2046	$46,280,825	$15,355,086	$16,166,934	$115,702	$3,207,743	$48,561,018
10/1/2047	$48,561,018	$15,647,598	$15,607,485	$121,403	$3,396,474	$51,876,202
10/1/2048	$51,876,202	$15,945,347	$15,205,277	$129,691	$3,652,336	$56,138,918
10/1/2049	$56,138,918	$16,260,119	$14,825,728	$140,347	$3,974,250	$61,407,211
10/1/2050	$61,407,211	$16,259,825	$14,314,583	$153,518	$4,360,154	$67,559,090
10/1/2051	$67,559,090	$16,259,825	$13,831,644	$168,898	$4,806,874	$74,625,247
10/1/2052	$74,625,247	$16,259,825	$13,487,503	$186,563	$5,312,738	$82,523,744
10/1/2053	$82,523,744	$16,259,825	$13,046,387	$206,309	$5,880,132	$91,411,005
10/1/2054	$91,411,005	$16,259,825	$12,658,509	$228,528	$6,514,821	$101,298,615
10/1/2055	$101,298,615	$16,259,825	$12,260,403	$253,247	$7,219,802	$112,264,592
10/1/2056	$112,264,592	$0	$11,867,217	$280,661	$7,440,537	$107,557,251
10/1/2057	$107,557,251	$0	$11,440,493	$268,893	$7,126,110	$102,973,975
10/1/2058	$102,973,975	$0	$10,958,975	$257,435	$6,822,244	$98,579,809
10/1/2059	$98,579,809	$0	$10,527,103	$246,450	$6,529,890	$94,336,146
10/1/2060	$94,336,146	$0	$10,061,735	$235,840	$6,249,211	$90,287,781
10/1/2061	$90,287,781	$0	$9,492,287	$225,719	$5,985,767	$86,555,542
10/1/2062	$86,555,542	$0	$9,004,815	$216,389	$5,741,604	$83,075,942
10/1/2063	$83,075,942	$0	$8,510,690	$207,690	$5,515,334	$79,872,896
10/1/2064	$79,872,896	$0	$7,903,712	$199,682	$5,312,281	$77,081,783
10/1/2065	$77,081,783	$0	$7,399,241	$192,704	$5,134,501	$74,624,338
10/1/2066	$74,624,338	$0	$6,895,639	$186,561	$4,980,019	$72,522,157
10/1/2067	$72,522,157	$0	$6,395,582	$181,305	$4,850,253	$70,795,523
10/1/2068	$70,795,523	$0	$5,902,280	$176,989	$4,746,511	$69,462,765
10/1/2069	$69,462,765	$0	$5,418,553	$173,657	$4,669,977	$68,540,532
10/1/2070	$68,540,532	$0	$4,947,173	$171,351	$4,621,719	$68,043,726
10/1/2071	$68,043,726	$0	$4,491,125	$170,109	$4,602,677	$67,985,169
10/1/2072	$67,985,169	$0	$4,053,051	$169,963	$4,613,656	$68,375,811
10/1/2073	$68,375,811	$0	$3,635,580	$170,940	$4,655,332	$69,224,623
10/1/2074	$69,224,623	$0	$3,241,640	$173,062	$4,728,230	$70,538,152
10/1/2075	$70,538,152	$0	$2,872,809	$176,345	$4,832,755	$72,321,753
10/1/2076	$72,321,753	$0	$2,530,410	$180,804	$4,969,235	$74,579,774
10/1/2077	$74,579,774	$0	$2,215,081	$186,449	$5,137,952	$77,316,196
10/1/2078	$77,316,196	$0	$1,929,259	$193,290	$5,339,101	$80,532,747
10/1/2079	$80,532,747	$0	$1,671,929	$201,332	$5,572,837	$84,232,323
10/1/2080	$84,232,323	$0	$1,439,714	$210,581	$5,839,479	$88,421,508
10/1/2081	$88,421,508	$0	$1,233,317	$221,054	$6,139,463	$93,106,600
10/1/2082	$93,106,600	$0	$1,050,769	$232,767	$6,473,298	$98,296,363
10/1/2083	$98,296,363	$0	$889,809	$245,741	$6,841,673	$104,002,486
10/1/2084	$104,002,486	$0	$749,163	$260,006	$7,245,451	$110,238,768
10/1/2085	$110,238,768	$0	$627,441	$275,597	$7,685,642	$117,021,372
10/1/2086	$117,021,372	$0	$523,263	$292,553	$8,163,425	$124,368,981
10/1/2087	$124,368,981	$0	$435,027	$310,922	$8,680,162	$132,303,193
10/1/2088	$132,303,193	$0	$361,021	$330,758	$9,237,421	$140,848,835
10/1/2089	$140,848,835	$0	$299,585	$352,122	$9,836,994	$150,034,122
10/1/2090	$150,034,122	$0	$249,052	$375,085	$10,480,913	$159,890,898
10/1/2091	$159,890,898	$0	$207,736	$399,727	$11,171,461	$170,454,896
10/1/2092	$170,454,896	$0	$174,048	$426,137	$11,911,192	$181,765,903
10/1/2093	$181,765,903	$0	$146,505	$454,415	$12,702,937	$193,867,920
10/1/2094	$193,867,920	$0	$123,929	$484,670	$13,549,814	$206,809,135
10/1/2095	$206,809,135	$0	$105,151	$517,023	$14,455,232	$220,642,192
10/1/2096	$220,642,192	$0	$89,207	$551,605	$15,422,904	$235,424,284
10/1/2097	$235,424,284	$0	$75,466	$588,561	$16,456,852	$251,217,110
10/1/2098	$251,217,110	$0	$63,426	$628,043	$17,561,406	$268,087,046
10/1/2099	$268,087,046	$0	$52,767	$670,218	$18,741,217	$286,105,279
10/1/2100	$286,105,279	$0	$43,313	$715,263	$20,001,268	$305,347,971
10/1/2101	$305,347,971	$0	$34,980	$763,370	$21,346,888	$325,896,509
10/1/2102	$325,896,509	$0	$27,676	$814,741	$22,783,770	$347,837,862
10/1/2103	$347,837,862	$0	$21,401	$869,595	$24,317,993	$371,264,859
10/1/2104	$371,264,859	$0	$16,148	$928,162	$25,956,048	$396,276,597
10/1/2105	$396,276,597	$0	$11,860	$990,691	$27,704,866	$422,978,911
10/1/2106	$422,978,911	$0	$8,436	$1,057,447	$29,571,849	$451,484,877
10/1/2107	$451,484,877	$0	$5,804	$1,128,712	$31,564,905	$481,915,266
10/1/2108	$481,915,266	$0	$3,861	$1,204,788	$33,692,481	$514,399,098
10/1/2109	$514,399,098	$0	$2,479	$1,285,998	$35,963,603	$549,074,224
10/1/2110	$549,074,224	$0	$1,527	$1,372,686	$38,387,912	$586,087,923
10/1/2111	$586,087,923	$0	$903	$1,465,220	$40,975,708	$625,597,508
10/1/2112	$625,597,508	$0	$520	$1,563,994	$43,737,994	$667,770,988
10/1/2113	$667,770,988	$0	$291	$1,669,427	$46,686,517	$712,787,787
10/1/2114	$712,787,787	$0	$157	$1,781,969	$49,833,826	$760,839,487
10/1/2115	$760,839,487	$0	$82	$1,902,099	$53,193,314	$812,130,620



	Amortization assumptions
Amortization method (1 - level % of pay, 2 - level $)	2
DR for amortization (same as exp L/T ROR)	7.00%
Salary scale	N/A
Amorization years left as of 9/30/2019	27

Projected Actuarially Determined Contribution (ADC)

Min amort 10

FYE	Total OPEB Liability (TOL)	FNP	Net OPEB Liability (NOL)	Funded %	Normal Cost	Amortization period	Amort UAAL	Actuarially Determined Contribution (ADC)	General Operating Revenue	ADC as % of General Operating Revenue
10/1/2019	$206,562,839	$7,374,499	$199,188,340	3.6%	$412,692	27	$15,530,312	$17,059,014	$202,110,372	8.4%
10/1/2020	$209,422,247	$12,261,387	$197,160,860	5.9%	$410,634	26	$15,581,425	$17,111,503	$206,152,579	8.3%
10/1/2021	$212,140,127	$16,958,513	$195,181,614	8.0%	$397,018	25	$15,652,930	$17,173,445	$210,275,631	8.2%
10/1/2022	$214,595,722	$21,770,363	$192,825,359	10.1%	$372,331	24	$15,712,387	$17,210,648	$214,481,144	8.0%
10/1/2023	$217,025,836	$26,456,908	$190,568,928	12.2%	$359,196	23	$15,800,110	$17,290,457	$218,770,767	7.9%
10/1/2024	$219,158,955	$30,918,988	$188,239,967	14.1%	$354,566	22	$15,904,654	$17,397,365	$223,146,182	7.8%
10/1/2025	$220,940,128	$35,284,230	$185,655,898	16.0%	$352,713	21	$16,013,082	$17,511,400	$227,609,105	7.7%
10/1/2026	$222,495,851	$39,294,552	$183,201,299	17.7%	$346,271	20	$16,161,595	$17,663,417	$232,161,288	7.6%
10/1/2027	$223,568,472	$42,957,542	$180,610,930	19.2%	$326,360	19	$16,331,450	$17,823,857	$236,804,513	7.5%
10/1/2028	$224,348,648	$45,957,538	$178,391,110	20.5%	$312,832	18	$16,574,135	$18,069,054	$241,540,604	7.5%
10/1/2029	$224,525,616	$48,452,201	$176,073,415	21.6%	$289,279	17	$16,854,536	$18,343,882	$246,371,416	7.4%
10/1/2030	$224,257,443	$50,434,315	$173,823,128	22.5%	$268,390	16	$17,196,736	$18,687,685	$251,298,844	7.4%
10/1/2031	$223,466,856	$51,932,951	$171,533,905	23.2%	$255,964	15	$17,601,403	$19,107,383	$256,324,821	7.5%
10/1/2032	$222,170,823	$53,058,620	$169,112,203	23.9%	$227,027	14	$18,072,079	$19,580,044	$261,451,317	7.5%
10/1/2033	$220,413,369	$53,598,188	$166,815,181	24.3%	$198,911	13	$18,653,811	$20,172,413	$266,680,344	7.6%
10/1/2034	$218,032,617	$53,605,095	$164,427,522	24.6%	$165,302	12	$19,347,432	$20,878,625	$272,013,951	7.7%
10/1/2035	$215,097,321	$53,014,145	$162,083,176	24.6%	$131,415	11	$20,200,851	$21,755,524	$277,454,230	7.8%
10/1/2036	$211,518,771	$52,053,138	$159,465,633	24.6%	$93,800	10	$21,218,989	$22,804,685	$283,003,314	8.1%
10/1/2037	$207,504,186	$50,642,579	$156,861,607	24.4%	$70,160	10	$20,872,490	$22,408,635	$288,663,380	7.8%
10/1/2038	$202,935,975	$49,113,034	$153,822,941	24.2%	$52,632	10	$20,468,155	$21,957,243	$294,436,648	7.5%
10/1/2039	$198,077,247	$47,716,324	$150,360,923	24.1%	$44,016	10	$20,007,489	$21,455,110	$300,325,381	7.1%
10/1/2040	$193,077,645	$46,478,264	$146,599,381	24.1%	$33,555	10	$19,506,966	$20,908,357	$306,331,889	6.8%
10/1/2041	$187,855,541	$45,484,232	$142,371,309	24.2%	$17,796	10	$18,944,366	$20,289,513	$312,458,526	6.5%
10/1/2042	$182,430,574	$44,714,091	$137,716,483	24.5%	$18,065	10	$18,324,980	$19,627,058	$318,707,697	6.2%
10/1/2043	$176,763,157	$44,141,948	$132,621,209	25.0%	$9,616	10	$17,646,987	$18,892,566	$325,081,851	5.8%
10/1/2044	$170,718,239	$44,216,190	$126,502,049	25.9%	$7,337	10	$16,832,753	$18,018,897	$331,583,488	5.4%
10/1/2045	$164,697,795	$44,965,356	$119,732,439	27.3%	$0	10	$15,931,968	$17,047,206	$338,215,158	5.0%
10/1/2046	$158,658,228	$46,280,825	$112,377,403	29.2%	$658	10	$14,953,284	$16,000,718	$344,979,461	4.6%
10/1/2047	$152,458,691	$48,561,018	$103,897,673	31.9%	$233	10	$13,824,945	$14,792,941	$351,879,050	4.2%
10/1/2048	$146,411,432	$51,876,202	$94,535,230	35.4%	$0	10	$12,579,150	$13,459,690	$358,916,631	3.8%
10/1/2049	$140,516,128	$56,138,918	$84,377,210	40.0%	$0	10	$11,227,492	$12,013,417	$366,094,964	3.3%
10/1/2050	$134,623,796	$61,407,211	$73,216,585	45.6%	$0	10	$9,742,425	$10,424,395	$373,416,863	2.8%
10/1/2051	$128,711,609	$67,559,090	$61,152,519	52.5%	$0	10	$8,137,143	$8,706,743	$380,885,200	2.3%
10/1/2052	$122,914,302	$74,625,247	$48,289,055	60.7%	$0	10	$6,425,491	$6,875,275	$388,502,904	1.8%
10/1/2053	$117,210,739	$82,523,744	$34,686,995	70.4%	$0	10	$4,615,559	$4,938,648	$396,272,962	1.2%
10/1/2054	$111,463,909	$91,411,005	$20,052,904	82.0%	$0	10	$2,668,301	$2,855,082	$404,198,421	0.7%
10/1/2055	$105,771,094	$101,298,615	$4,472,479	95.8%	$0	10	$595,122	$636,780	$412,282,390	0.2%
10/1/2056	$100,081,008	$112,264,592	($12,183,584)	100.0%	$0	10	-$1,621,185	$0	$420,528,038	0.0%
10/1/2057	$94,404,419	$107,557,251	($13,152,832)	100.0%	$0	10	-$1,750,156	$0	$428,938,598	0.0%
10/1/2058	$88,737,183	$102,973,975	($14,236,792)	100.0%	$0	10	-$1,894,391	$0	$437,517,370	0.0%
10/1/2059	$83,114,647	$98,579,809	($15,465,162)	100.0%	$0	10	-$2,057,842	$0	$446,267,718	0.0%
10/1/2060	$77,596,621	$94,336,146	($16,739,525)	100.0%	$0	10	-$2,227,413	$0	$455,193,072	0.0%
10/1/2061	$72,139,064	$90,287,781	($18,148,717)	100.0%	$0	10	-$2,414,924	$0	$464,296,934	0.0%
10/1/2062	$66,780,859	$86,555,542	($19,774,683)	100.0%	$0	10	-$2,631,280	$0	$473,582,872	0.0%
10/1/2063	$61,636,621	$83,075,942	($21,439,321)	100.0%	$0	10	-$2,852,782	$0	$483,054,530	0.0%
10/1/2064	$56,636,531	$79,872,896	($23,236,365)	100.0%	$0	10	-$3,091,902	$0	$492,715,620	0.0%
10/1/2065	$51,797,561	$77,081,783	($25,284,222)	100.0%	$0	10	-$3,364,397	$0	$502,569,933	0.0%
10/1/2066	$47,247,727	$74,624,338	($27,376,611)	100.0%	$0	10	-$3,642,816	$0	$512,621,331	0.0%
10/1/2067	$42,901,233	$72,522,157	($29,620,924)	100.0%	$0	10	-$3,941,452	$0	$522,873,758	0.0%
10/1/2068	$38,771,415	$70,795,523	($32,024,108)	100.0%	$0	10	-$4,261,227	$0	$533,331,233	0.0%
10/1/2069	$34,869,772	$69,462,765	($34,592,993)	100.0%	$0	10	-$4,603,050	$0	$543,997,858	0.0%
10/1/2070	$31,205,290	$68,540,532	($37,335,242)	100.0%	$0	10	-$4,967,943	$0	$554,877,815	0.0%
10/1/2071	$27,784,665	$68,043,726	($40,259,061)	100.0%	$0	10	-$5,356,995	$0	$565,975,371	0.0%
10/1/2072	$24,612,196	$67,985,169	($43,372,973)	100.0%	$0	10	-$5,771,342	$0	$577,294,879	0.0%
10/1/2073	$21,689,394	$68,375,811	($46,686,417)	100.0%	$0	10	-$6,212,239	$0	$588,840,776	0.0%
10/1/2074	$19,015,142	$69,224,623	($50,209,481)	100.0%	$0	10	-$6,681,029	$0	$600,617,592	0.0%
10/1/2075	$16,585,530	$70,538,152	($53,952,622)	100.0%	$0	10	-$7,179,102	$0	$612,629,944	0.0%
10/1/2076	$14,393,338	$72,321,753	($57,928,415)	100.0%	$0	10	-$7,708,134	$0	$624,882,543	0.0%
10/1/2077	$12,429,215	$74,579,774	($62,150,559)	100.0%	$0	10	-$8,269,945	$0	$637,380,193	0.0%
10/1/2078	$10,681,784	$77,316,196	($66,634,412)	100.0%	$0	10	-$8,866,580	$0	$650,127,797	0.0%
10/1/2079	$9,138,212	$80,532,747	($71,394,535)	100.0%	$0	10	-$9,499,977	$0	$663,130,353	0.0%
10/1/2080	$7,782,246	$84,232,323	($76,450,077)	100.0%	$0	10	-$10,172,683	$0	$676,392,960	0.0%
10/1/2081	$6,597,547	$88,421,508	($81,823,961)	100.0%	$0	10	-$10,887,749	$0	$689,920,819	0.0%
10/1/2082	$5,570,124	$93,106,600	($87,536,476)	100.0%	$0	10	-$11,647,874	$0	$703,719,236	0.0%
10/1/2083	$4,684,279	$98,296,363	($93,612,084)	100.0%	$0	10	-$12,456,313	$0	$717,793,621	0.0%
10/1/2084	$3,925,255	$104,002,486	($100,077,231)	100.0%	$0	10	-$13,316,585	$0	$732,149,493	0.0%
10/1/2085	$3,279,597	$110,238,768	($106,959,171)	100.0%	$0	10	-$14,232,317	$0	$746,792,483	0.0%
10/1/2086	$2,734,228	$117,021,372	($114,287,144)	100.0%	$0	10	-$15,207,400	$0	$761,728,332	0.0%
10/1/2087	$2,276,594	$124,368,981	($122,092,387)	100.0%	$0	10	-$16,245,990	$0	$776,962,899	0.0%
10/1/2088	$1,894,688	$132,303,193	($130,408,505)	100.0%	$0	10	-$17,352,558	$0	$792,502,157	0.0%
10/1/2089	$1,577,321	$140,848,835	($139,271,514)	100.0%	$0	10	-$18,531,898	$0	$808,352,200	0.0%
10/1/2090	$1,314,290	$150,034,122	($148,719,832)	100.0%	$0	10	-$19,789,120	$0	$824,519,244	0.0%
10/1/2091	$1,096,397	$159,890,898	($158,794,501)	100.0%	$0	10	-$21,129,687	$0	$841,009,629	0.0%
10/1/2092	$915,523	$170,454,896	($169,539,373)	100.0%	$0	10	-$22,559,432	$0	$857,829,822	0.0%
10/1/2093	$764,726	$181,765,903	($181,001,177)	100.0%	$0	10	-$24,084,575	$0	$874,986,418	0.0%
10/1/2094	$638,220	$193,867,920	($193,229,700)	100.0%	$0	10	-$25,711,740	$0	$892,486,147	0.0%
10/1/2095	$531,350	$206,809,135	($206,277,785)	100.0%	$0	10	-$27,447,959	$0	$910,335,869	0.0%
10/1/2096	$440,351	$220,642,192	($220,201,841)	100.0%	$0	10	-$29,300,737	$0	$928,542,587	0.0%
10/1/2097	$362,406	$235,424,284	($235,061,878)	100.0%	$0	10	-$31,278,059	$0	$947,113,439	0.0%
10/1/2098	$295,498	$251,217,110	($250,921,612)	100.0%	$0	10	-$33,388,404	$0	$966,055,707	0.0%
10/1/2099	$238,121	$268,087,046	($267,848,925)	100.0%	$0	10	-$35,640,805	$0	$985,376,822	0.0%
10/1/2100	$189,181	$286,105,279	($285,916,098)	100.0%	$0	10	-$38,044,878	$0	##########	0.0%
10/1/2101	$147,841	$305,347,971	($305,200,130)	100.0%	$0	10	-$40,610,871	$0	##########	0.0%
10/1/2102	$113,386	$325,896,509	($325,783,123)	100.0%	$0	10	-$43,349,708	$0	##########	0.0%
10/1/2103	$85,139	$347,837,862	($347,752,723)	100.0%	$0	10	-$46,273,051	$0	##########	0.0%
10/1/2104	$62,471	$371,264,859	($371,202,388)	100.0%	$0	10	-$49,393,335	$0	##########	0.0%
10/1/2105	$44,706	$396,276,597	($396,231,891)	100.0%	$0	10	-$52,723,838	$0	##########	0.0%
10/1/2106	$31,132	$422,978,911	($422,947,779)	100.0%	$0	10	-$56,278,737	$0	##########	0.0%
10/1/2107	$21,043	$451,484,877	($451,463,834)	100.0%	$0	10	-$60,073,171	$0	##########	0.0%
10/1/2108	$13,789	$481,915,266	($481,901,477)	100.0%	$0	10	-$64,123,298	$0	##########	0.0%
10/1/2109	$8,751	$514,399,098	($514,390,347)	100.0%	$0	10	-$68,446,367	$0	##########	0.0%
10/1/2110	$5,370	$549,074,224	($549,068,854)	100.0%	$0	10	-$73,060,796	$0	##########	0.0%
10/1/2111	$3,182	$586,087,923	($586,084,741)	100.0%	$0	10	-$77,986,245	$0	##########	0.0%
10/1/2112	$1,825	$625,597,508	($625,595,683)	100.0%	$0	10	-$83,243,693	$0	##########	0.0%
10/1/2113	$1,019	$667,770,988	($667,769,969)	100.0%	$0	10	-$88,855,533	$0	##########	0.0%
10/1/2114	$552	$712,787,787	($712,787,235)	100.0%	$0	10	-$94,845,670	$0	##########	0.0%
10/1/2115	$290	$760,839,487	($760,839,197)	100.0%	$0	10	-$101,239,612	$0	##########	0.0%

Brousseau, Nicholas (TREASURY)

From: Simpson, Chrystal <CSimpson@co.genesee.mi.us>
Sent: Tuesday, May 5, 2020 12:59 PM
To: Brousseau, Nicholas (TREASURY)
Cc: Horn, Daniel (TREASURY); Steckelberg, Larry (TREASURY); Freeman, Josh
Subject: RE: Genesee County Retirement Healthcare Corrective Action Plan Follow Up
Attachments: Plante Moran Presentation.pdf

CAUTION: This is an External email. Please send suspicious emails to abuse@michigan.gov

Hi Nick,

I thought it would be helpful to provide our responses prior to the call tomorrow afternoon.
Please see below.
Thanks,

Chrystal Simpson, CPA
Genesee County Office of Fiscal Services
Chief Financial Officer
1101 Beach St., Flint MI 48502
810-257-3092
CSimpson@co.genesee.mi.us
#Team Genesee

From: Freeman, Josh
Sent: Friday, May 1, 2020 7:02 AM
To: 'Brousseau, Nicholas (TREASURY)' <BrousseauN@michigan.gov>
Cc: Horn, Daniel (TREASURY) <HornD6@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Simpson, Chrystal <CSimpson@co.genesee.mi.us>
Subject: RE: Genesee County Retirement Healthcare Corrective Action Plan Follow Up

Good Morning Nick,

Chrystal will work to get some dates next week that all parties can agree on. We should be able to follow up with that no later than Monday.

Thanks.

Joshua M Freeman
Director of Administration
Genesee County Board of Commissioners
1101 Beach St Room 312
Flint MI 48502

(810) 762-7762 Office
(810) 397-3797 Cell

jfreeman@co.genesee.mi.us

#TeamGenesee

From: Brousseau, Nicholas (TREASURY) [mailto:BrousseauN@michigan.gov]
Sent: Thursday, April 30, 2020 5:29 PM
To: Freeman, Josh <JFreeman@co.genesee.mi.us>
Cc: Horn, Daniel (TREASURY) <HornD6@michigan.gov>; Steckelberg, Larry (TREASURY) <SteckelbergL@michigan.gov>; Simpson, Chrystal <CSimpson@co.genesee.mi.us>
Subject: Genesee County Retirement Healthcare Corrective Action Plan Follow Up

Good Afternoon Josh,

This email is in regards to Genesee County's corrective action plan (CAP) for its retiree healthcare system that was determined to be underfunded under Public Act 202 of 2017 (the Act). The submitted CAP was received by the Municipal Stability Board (the Board) at their April 15, 2020 meeting and is scheduled for review at the May 20, 2020 meeting. In reviewing the submitted CAP to allow Treasury to provide a recommendation to the Board, there were a couple questions that Treasury was hoping to discuss with the County. Could you please respond with a two or three times next week in which the County, along with Nyhart and Plante Moran, would be able to discuss the questions below that we had regarding the CAP prior to finalizing our recommendation to the Board:

1.) How was the unfunded liability reduced by $329 million in the new actuarial projection from Nyhart compared to the fiscal year 2018 audited statement of $535 million?
    a. Is this purely attributable to the establishment of a trust and the use of a full 7% discount rate rather than the risk-free rate of 3.6% and is that reasonable?

We will first describe the changes we made to the valuation.

1. **Updating the per capita costs assumption based the information included in Plante Moran's presentation dated February 4, 2020. The presentation provided estimates for consolidating the number of pre/post-Medicare plans to provide economies of scale and negotiating power with carriers. The pre-Medicare retiree group was noted to be blended with the active employee group to create a larger risk pool for economies of scale and reducing the average retiree premium. For post-65 retirees (which is where the majority of the liability is concentrated), the revised premium rates were assumed by Plante Moran to be $300 per retiree. The overall liability impact of this change was an approximate 39.9% liability decrease.**
    i. **For post-65 retirees, the Plante Moran presentation noted moving to a single Medicare Advantage Part D (MAPD) design. By doing so, Nyhart would suggest removing the impact of the implicit liability on post-65 liabilities that were included for certain plans in the prior valuation. The impact of removing the implicit liability association for these individuals caused a 5.9% liability decrease.**
    ii. **Nyhart also conducted a sensitivity analysis around the post-Medicare premium rate of $300/retiree. These results were discussed with the County.**
2. **Due to legislation changes in December 2019, we were able to remove the Cadillac "Excise" Tax associated with the client's OPEB valuation, the overall impact of this change was a 0.6% liability decrease.**
    i. **The impact of the Cadillac Tax removal would have been greater had Nyhart changed the 'order' of its changes. By reducing the post-65 premiums in #1 above, inherently some of the gain was due to the reduction of Cadillac Tax liability. Had the post-65 premium been $800, the impact of removing the Excise Tax would have been closer to an 8.0% reduction in liability.**
3. **We updated the mortality rate tables to the most recent public plan study completed by the Society of Actuaries (SOA). The SOA Pub-2010 Mortality Tables are varied by employee group (General employee and Public Safety). The impact of this change caused a liability increase of 1.3%.**

For our projections and handouts provided with the CAP, the goal was to demonstrate a funded ratio % of 40% within 30 years. By implementing the funding policy demonstrated in the CAP handout created by Nyhart, the plan demonstrated solvency and at no point does the fiduciary net position of the plan fall below the projected benefit payments after year 1 of the exhibit. For GASB 75 accounting disclosure purposes, the plan would have no crossover point where a blended discount rate would be required. Nyhart's understanding of the funding policy to be implemented is as follows:

1. **Column B of the Nyhart handout – County payroll contributions into the Trust which was increased from 22% to 25% of OPEB eligible payroll.**
2. **Column C – County employee payroll contributions into the Trust which vary by bargaining unit. These contributions vary from 1-3% of OPEB eligible payroll.**
3. **Column D – additional County contributions which increase by about 2% per year**

These policy changes allowed Nyhart (in our opinion) to use a discount rate equal to the full investment rate of return which is 7.0% as of 9/30/2019. The result of this change further reduced liabilities and are as shown beginning with the first year of projected cash flows in the Nyhart handout.

2.) Along the same lines, what were all of the specific changes recommended by Plante to Nyhart, which appear to be utilized within the new actuarial projection and how much are those savings?

We utilized the following rates estimated by Plante Moran's attached presentation:

a. **Pre-65 Retirees: $779.68 for single coverage, $1,856.67 for two-person coverage (page 33 of the attached report)**
b. **Post-65 Retirees: $300 for single coverage, $600 for two-person coverage (page 35 of the attached report)**

As mentioned above, the savings were about a 39.9% decrease in liability. As noted above in Nyhart's notes, a portion of this decrease is attributable to the Cadillac Tax liability decrease that occurs by reducing the post-Medicare premiums.

Thank you, and let us know if there are any questions. Once you respond with a time that works for all parties, we will send a meeting request for everyone to connect.

Nick Brousseau
Michigan Department of Treasury
Community Engagement and Finance Division
Office: 517-241-4234

Genesee County

Retiree Medical Cost Analysis and Strategy Planning Meeting
February 4, 2020

Agenda

- Objectives and Analytics Assumptions
- Current Plan Designs
- Baseline Retirement Plan Costs
- Strategies to Consider
- Summary Comments & Discussion

Objectives and Analytics Assumptions

- Retained by Genesee County for the purpose of:
- Evaluating existing retiree medical benefit plans in
- terms of:
    - Plan design
    - Plan funding
    - Costs
    - Contributions
- To determine if there are better, more efficient methods to deliver the benefits at lower costs to both the County and its retirees

Objectives and Analytics Assumptions

- Data collection included
  - Data provided by the County for plan designs, carriers, costs, plan enrollment from Master list, and carrier enrollment summaries
  - Worked with client's broker/agent, 44North, to obtain self-funded plan pricing
    - Determined rates were inaccurate – cross application of retiree and active claims
    - 44North retained an outside actuary to develop accurate accrual rates needed to establish baseline costs
  - Collected information from County's legal counsel regarding status of bargaining requirements
    - Many complexities and no clear determination is possible without all dates of hire (not in Master list) and additional information on covered participant, surviving spouse, status of retirement income plan language

Objectives and Analytics Assumptions

- Our report will provide
  - Baseline cost information using carrier premiums for insured plans (HAP) and newly developed premium equivalent rates for self-insured Blue Cross Blue Shield of MI plans
  - It will break out
    - Enrollment, gross premium/premium equivalent rate, contributions, and net employer costs for
      - Retirees pre 65
      - Retirees age 65+ (those on Medicare)
      - Note: all cost breakouts aligns all dependents with the actual retired staff member
        - That is – a pre 65 retiree may also include dependents who are 65 or older and on Medicare
        - Conversely – a post 65 retiree on Medicare may include dependents who are on the County's pre-65 plan

Objectives and Analytics Assumptions

- Our report will provide
  - A summary of both Pre and Post 65 retirees with initial determination that changes to carrier/plan administrator, plan funding, and benefit plan designs are
    - Allowed - Yes
    - Not allowed - No
    - Could possibly be allowed - Maybe
  - Data will show, many situations fall in the "Maybe" or "could possibly be allowed" grouping due to a combination of data limitations or legal determinations
  - Finally, our report introduces multiple strategies that can impact costs with an initial primary focus on changes to plan design

Current Plan Designs

Current Medical Plan Designs

- This exhibits that follow will summarizes plan designs for both pre 65 and post 65 retirees
- Plans are administered by
  - Blue Cross Blue Shield of MI – all are self-insured
  - Health Alliance Plan (HAP) – all are fully insured
  - HAP also includes a post 65 retiree medical design that is a Medicare Advantage Part D plan (MAPD) – by definition, fully insured
    - This plan is a plan available only to participants in Medicare
    - Combines Medicare Part A (hospital), Part B (professional), and supplemental benefits to both Part A, B, and all covered retail prescription drug benefits

BCBSM & HAP Plans - Actives

- This simply provides the benefit summary for the Active employees
- While our report is focused on retirees, it is important to have a reference point to the active plan
- We may find that a strategy for cost reduction, where allowed, could be to replicate the active plan

Medical	019 Actives BCBSM		1000, 1002 Actives HAP HMO	1000, 1002 Actives HAP PPO	
	In-Network	Out-of-Network	In-Network	In-Network	Out-of-Network
Deductible					
Single	$250	$500	$250	$250	$500
Family	$500	$1,000	$500	$500	$1,000
Coinsurance					
Inpatient	80%	60%	80%	80%	60%
Outpatient	80%	60%	80%	80%	60%
Coinsurance Max					
Single	N/A	N/A	N/A	N/A	N/A
Family	N/A	N/A	N/A	N/A	N/A
Out-of-Pocket Max					
Single	$1,000	$2,000	$1,000	$1,000	$2,000
Family	$2,000	$4,000	$2,000	$2,000	$4,000
Visits					
PCP Office	$20 copay	60% coinsurance after ded	$15 copay	$20 copay	60% coinsurance after ded
Specialist Office	$20 copay	60% coinsurance after ded	$15 copay	$20 copay	60% coinsurance after ded
Urgent Care	$30 copay	60% coinsurance after ded	$30 copay	$30 copay	$30 copay
ER	$150 copay	$150 copay	$100 copay	$150 copay	$150 copay
PRESCRIPTION DRUG					
Retail					
Generic	$5		$5	$5	
Brand Formulary	$20		$20	$20	
Brand Non-formulary	$40		$40	$40	

BCBSM Plans – Retirees

Significant population in this plan

Medical	002 Retirees BCBSM Comp/Major Medical	003 Retirees BCBSM Comp/Major Medical	004 Retirees BCBSM Comp/Major Medical
Deductible			
Single	$100	$50	$50
Family	$200	$100	$100
Coinsurance			
Inpatient	90%	90%	90%
Outpatient	90%	90%	90%
Coinsurance Max			
Single	N/A	N/A	N/A
Family	N/A	N/A	N/A
Out-of-Pocket Max			
Single	$1,100	$1,050	$1,050
Family	$1,200	$1,100	$1,100
Visits			
PCP Office	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
Specialist Office	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
Urgent Care	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
ER	100%	100%	100%
PRESCRIPTION DRUG			
Retail			
Generic	$5	$2	$2
Brand Formulary	$5	$2	$2
Brand Non-formulary	$5	$2	$2

BCBSM Plans – Retirees

Significant Population
Discounts negotiated w/ doctors

Medical	005 Retirees BCBSM	006 Retirees BCBSM	006 Retirees BCBSM	007 Retirees BCBSM	007 Retirees BCBSM
	Comp/Major Medical	In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible					
Single	$100	$0	$1,000	$0	$1,000
Family	$200	$0	$2,000	$0	$2,000
Coinsurance					
Inpatient	90%	100%	60%	100%	60%
Outpatient	90%	100%	60%	100%	60%
Coinsurance Max					
Single	N/A	N/A	N/A	N/A	N/A
Family	N/A	N/A	N/A	N/A	N/A
Out-of-Pocket Max					
Single	$1,100	$600	$4,000	$600	$4,000
Family	$1,200	$1,200	$8,000	$1,200	$8,000
Visits					
PCP Office	90% coinsurance after ded	$15 copay	Not covered	$15 copay	Not covered
Specialist Office	90% coinsurance after ded	$15 copay	Not covered	$15 copay	Not covered
Urgent Care	90% coinsurance after ded	$15 copay	Not covered	$15 copay	Not covered
ER	100%	$75 copay	$75 copay	$75 copay	$75 copay
PRESCRIPTION DRUG					
Retail					
Generic	$5	$5		$5	
Brand Formulary	$5	$5		$15	
Brand Non-formulary	$10	$25		$25	

BCBSM Plans - Retirees

Medical	008 Retirees BCBSM Comp/Major Medical	009 Retirees BCBSM Comp/Major Medical	010 Retirees BCBSM Comp/Major Medical
Deductible			
Single	$100	$100	$100
Family	$200	$200	$200
Coinsurance			
Inpatient	90%	90%	90%
Outpatient	90%	90%	90%
Coinsurance Max			
Single	N/A	N/A	N/A
Family	N/A	N/A	N/A
Out-of-Pocket Max			
Single	$1,100	$1,100	$1,100
Family	$1,200	$1,200	$1,200
Visits			
PCP Office	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
Specialist Office	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
Urgent Care	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
ER	100%	100%	100%
PRESCRIPTION DRUG			
Retail			
Generic	$5	$5	$5
Brand Formulary	$15	$5	$5
Brand Non-formulary	$25	$5	$5

BCBSM Plans - Retirees

Medical	011 Retirees BCBSM Comp/Major Medical	012 Retirees BCBSM Comp/Major Medical	013 Retirees BCBSM Comp/Major Medical
Deductible			
Single	$100	$100	$100
Family	$200	$200	$200
Coinsurance			
Inpatient	90%	90%	90%
Outpatient	90%	90%	90%
Coinsurance Max			
Single	N/A	N/A	N/A
Family	N/A	N/A	N/A
Out-of-Pocket Max			
Single	$1,100	$1,100	$1,100
Family	$1,200	$1,200	$1,200
Visits			
PCP Office	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
Specialist Office	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
Urgent Care	90% coinsurance after ded	90% coinsurance after ded	90% coinsurance after ded
ER	100%	100%	100%
PRESCRIPTION DRUG			
Retail			
Generic	$5	$5	$5
Brand Formulary	$5	$5	$5
Brand Non-formulary	$5	$5	$10

BCBSM Plans - Retirees

Medical	015 Retirees BCBSM In-Network	015 Retirees BCBSM Out-of-Network	016 Retirees BCBSM In-Network	016 Retirees BCBSM Out-of-Network
Deductible				
Single	$100	$100	$100	$100
Family	$200	$200	$200	$200
Coinsurance				
Inpatient	90%	90% + 15% approved amount	90%	90% + 15% approved amount
Outpatient	90%	90% + 15% approved amount	90%	90% + 15% approved amount
Coinsurance Max				
Single	N/A	N/A	N/A	N/A
Family	N/A	N/A	N/A	N/A
Out-of-Pocket Max				
Single	$1,100	$1,100	$1,100	$1,100
Family	$1,200	$1,200	$1,200	$1,200
Visits	(Ded does not apply)		(Ded does not apply)	
PCP Office	100%	90% after ded + 15% approved amount	100%	90% after ded + 15% approved amount
Specialist Office	100%	90% after ded + 15% approved amount	100%	90% after ded + 15% approved amount
Urgent Care	100%	Not Covered	100%	Not Covered
ER	100%	100%	100%	100%
PRESCRIPTION DRUG				
Retail				
Generic	$5		$5	
Brand Formulary	$5		$5	
Brand Non-formulary	$5		$5	

BCBSM Plans - Retirees

Medical	017		018	
	Retirees		Retirees	
	BCBSM In-Network	BCBSM Out-of-Network	BCBSM In-Network	BCBSM Out-of-Network
Deductible				
Single	$100	$100	$100	$100
Family	$200	$200	$200	$200
Coinsurance				
Inpatient	90%	90% + 15% approved amount	90%	90% + 15% approved amount
Outpatient	90%	90% + 15% approved amount	90%	90% + 15% approved amount
Coinsurance Max				
Single	N/A	N/A	N/A	N/A
Family	N/A	N/A	N/A	N/A
Out-of-Pocket Max				
Single	$1,100	$1,100	$1,100	$1,100
Family	$1,200	$1,200	$1,200	$1,200
Visits	(Ded does not apply)		(Ded does not apply)	
PCP Office	100%	90% after ded + 15% approved amount	100%	90% after ded + 15% approved amount
Specialist Office	100%	90% after ded + 15% approved amount	100%	90% after ded + 15% approved amount
Urgent Care	100%	Not Covered	100%	Not Covered
ER	100%	100%	100%	100%
PRESCRIPTION DRUG				
Retail				
Generic	$5		$5	
Brand Formulary	$5		$5	
Brand Non-formulary	$5		$10	

BCBSM Plans - Retirees

Sig # Here

would like other plans to come in line w/ this

Medical	021 Retirees		022 Retirees
	BCBSM In-Network	BCBSM Out-of-Network	BCBSM In-Network
Deductible			
Single	$250	$500	$50
Family	$500	$1,000	$100
Coinsurance			
Inpatient	80%	60%	90%
Outpatient	80%	60%	90%
Coinsurance Max			
Single	$750	$1,500	N/A
Family	$1,500	$3,000	N/A
Out-of-Pocket Max			
Single	$6,350	$12,700	$1,050
Family	$12,700	$25,400	$1,100
Visits			
PCP Office	$20 copay	Not covered	90% coinsurance after ded
Specialist Office	$20 copay	Not covered	90% coinsurance after ded
Urgent Care	$20 copay	Not covered	90% coinsurance after ded
ER	$150 copay	$150 copay	90% coinsurance after ded
PRESCRIPTION DRUG			
Retail			
Generic	$5		$2
Brand Formulary	$20		$2
Brand Non-formulary	$40		$2

HAP Plan Designs - Retirees

Medical	1001 Retirees HAP HMO	1001 Retirees HAP PPO	
	In-Network	In-Network	Out-of-Network
Deductible			
Single	$250	$250	$500
Family	$500	$500	$1,000
Coinsurance			
Inpatient	90%	80%	60%
Outpatient	90%	80%	60%
Coinsurance Max			
Single	$750	$750	$1,500
Family	$1,500	$1,500	$3,000
Out-of-Pocket Max			
Single	$6,350	$6,350	$12,700
Family	$12,700 (Ded does not apply)	$12,700	$25,400
Visits			
PCP Office	$15 copay	$20 copay	60% coinsurance after ded
Specialist Office	$15 copay	$20 copay	60% coinsurance after ded
Urgent Care	$30 copay	$30 copay	$30 copay
ER	$100 copay	$150 copay	$150 copay
PRESCRIPTION DRUG			
Retail			
Generic	$5	$5	
Brand Formulary	$20	$20	
Brand Non-formulary	$40	$40	

HAP Plan Designs - Retirees

65+

Medical	1101, 1501 Retirees HAP HMO In-Network	1201, 1301, 1401 Retirees HAP HMO In-Network	1206 Retirees HAP Medicare MAPD	1606 Retirees HAP Medicare MAPD
Deductible				
Single	$0	$0	$0	$0
Family	$0	$0	$0	$0
Coinsurance				
Inpatient	100%	100%	100%	100%
Outpatient	100%	100%	100%	100%
Coinsurance Max				
Single	N/A	N/A	N/A	N/A
Family	N/A	N/A	N/A	N/A
Out-of-Pocket Max				
Single	$6,350	$6,350	$3,400	$3,400
Family	$12,700	$12,700	N/A	N/A
Visits				
PCP Office	100% coinsurance	100% coinsurance	100% coinsurance	100% coinsurance
Specialist Office	100% coinsurance	100% coinsurance	100% coinsurance	100% coinsurance
Urgent Care	$15 copay	$15 copay	$15 copay	$15 copay
ER	$15 copay	$15 copay	$15 copay	$15 copay
PRESCRIPTION DRUG				
Retail				
Generic	$5	$3	$0	$0
Brand Formulary	$15	$3	$0	$0
Brand Non-formulary	$25	$3	$0	$0

Most Cost Effective Way

Current Medical Plan Designs - Commentary

- General commentary
  - Using a total market wide comparison, the County's plans tend to be off a much higher value, e.g. more generous benefits
  - Rational is based on:
    - Lower deductibles, $0, $50, $100, etc.
      - Contemporary standard at $500 or greater
    - Lower maximum out of pocket limits (generally less than$2500/single, frequently $1000 plus any applicable deductible), some with inside limits on coinsurance
      - Contemporary coinsurance norm at $3,000 to $7,000 more
    - Coinsurance at 90% for a number of plans
      - Current norm at 80%
    - Lower Rx copays, ER copay
      - Market norm $15/$30/$60 or more cost sharing for specialty drugs, and ER copays of $200 to $250 being common

Current Medical Plan Designs - Commentary

- General commentary
  - We offer comments about plan to provide a reasonable point of reference
- We also noted that some of the plans are still using a Comprehensive Major Medical plan platform
  - Such a platform provides Hospitals/Physicians with claim reimbursements that are frequently 10% to 20% higher than reimbursements based on a PPO platform
    - Transition would provide for significant savings due entirely because of the plan's reimbursement method being updated

Baseline Retirement Plan Costs

Baseline Retiree Plan Costs

- Pre-65 Retirees account for about 319 former employees
  - Represent an annual gross spend (using accrual rates) of $7.023 million
    - Retiree contributions are only about 1.7% of premiums
- For Post 65 retirees, the story is very similar
- Covers a total of 718 retirees
  - We note that within the 718 total, there are 68 retirees where plan and cost information is not available, as such, premiums may be understated
    - Annual post 65 retiree medical spend is $7.35 million
    - Contributions are 1.1% of premiums

Groups	# of Subscribers	Premium Equivalence	Contributions	Net Expense
Pre-65 Retirees	319	$7,147,318.04	$123,825.48	$7,023,492.56
Post 65 Retirees	718	$7,427,634.93	$80,710.56	$7,346,924.37

Only include known or those assumed based on available data

Retiree Analysis – Pre-65 Retirees

Change Carrier?	Change Funding?	Change Plan?	# of Subscribers	Premium Equivalence	Contributions	Net Expense
Maybe	Maybe	Maybe	2	$38,863	$0	$38,863
Maybe	Maybe	Yes	22	$424,176	$3,311	$420,866
Maybe	No	Maybe	5	$84,761	$1,741	$83,019
No	No	Maybe	2	$55,404	$0	$55,404
No	No	Yes	1	$11,624	$0	$11,624
Yes	Maybe	Yes	43	$1,037,662	$6,579	$1,031,082
Yes	No	Yes	2	$38,790	$0	$38,790
Yes	Yes	No	15	$377,424	$0	$377,424
Yes	Yes	Yes	218	$4,912,535	$110,491	$4,802,044
Blanks			9	$166,079	$1,704	$164,375
Totals			319	$7,147,318	$123,825	$7,023,493

- 218 of the 319 pre-65 retirees are in the category where there are no restrictions on changing carrier, funding, or design
- This means the majority of the group, based on our understanding of legal counsel's report, can allow for change in all three categories
- The remaining 101, including the 9 where no cost information is available, have some level of restriction on carrier, funding, and/or plan
  - Off the 101, there are 68 where plan design changes are possible
  - This means, excluding the 9 without data, 286 of the 310 are allowed to make plan changes

Retiree Analysis – Pre-65 Retirees

- The plans that are currently being used by the 218 where changes can be made include
  - BC, plan 002 from page 10 of this report, 10 enrolled
  - BC, plan 003 from page 10 of this report, 3 enrolled
  - BC, plan 004 from page 10 of this report, 20 enrolled
  - BC, plan 005 from page 11 of this report, 23 enrolled
  - BC, plan 006 from page 11 of this report, 5 enrolled
  - BC, plan 007 from page 11 of this report, 91 enrolled
  - BC, plan 008 from page 12 of this report, 8 enrolled
  - BC, plan 010 from page 12 of this report, 4 enrolled
  - BC, plan 011 from page 13 of this report, 6 enrolled
  - BC, plan 012 from page 13 of this report, 3 enrolled
  - BC, plan 013 from page 13 of this report, 3 enrolled
  - BC, plan 015 from page 14 of this report, 1 enrolled
  - BC, plan 016 from page 14 of this report, 2 enrolled
  - BC, plan 018 from page 15 of this report, 5 enrolled
  - BC, plan 021 from page 16 of this report, 43 enrolled
  - HAP, plan 1001 from page 17 of this report, 30 enrolled
  - HAP, plans 1101 & 1501 from page 18 of this report, 20 enrolled
  - HAP, plans 1201, 1301 & 1401 from page 18 of this report, 4 enrolled
  - HAP PPO, Plan 1001 from page 17 of this report, 4 enrolled
  - HAP Medicare. Plan 1206 from page 18 of this report, 1 enrolled
  - Based on an understanding of those designs, we believe plan design changes are very possible
  - The next section of this report will illustrate potential design changes and the estimated cost impart of those changes

Retiree Analysis – Post-65 Retirees

TPA vs. Self-Ins.

Change Carrier?	Change Funding?	Change Plan?	# of Subscribers	Premium Equivalence	Contributions	Net Expense
Maybe	Maybe	Maybe	24	$229,819	$0	$229,819
Maybe	Maybe	Yes	110	$1,128,244	$0	$1,128,244
Maybe	No	Maybe	110	$1,052,750	$0	$1,052,750
No	No	Maybe	28	$262,137	$310	$261,828
No	No	Yes	12	$162,288	$0	$162,288
Yes	Maybe	Yes	46	$535,387	$903	$534,484
Yes	No	Yes	22	$216,542	$4,888	$211,654
Yes	Yes	No	11	$141,832	$0	$141,832
Yes	Yes	Yes	287	$3,005,754	$70,095	$2,935,658
Blanks			68	$692,882	$4,514	$688,367
Totals			718	$7,427,635	$80,711	$7,346,924

- 287 of the 718 post-65 retirees are in the category where there are no restrictions on changing carrier, funding, or design
- An additional 190 have no restriction to change
- This means the majority of the group, 477, based on our understanding of legal counsel's report, allows for plan design changes
- The remaining 241, including the 68 where no cost information is available, have some level of restriction on carrier and funding.
  - Excluding the 68 without data, 477 of the 650 are allowed to make plan changes

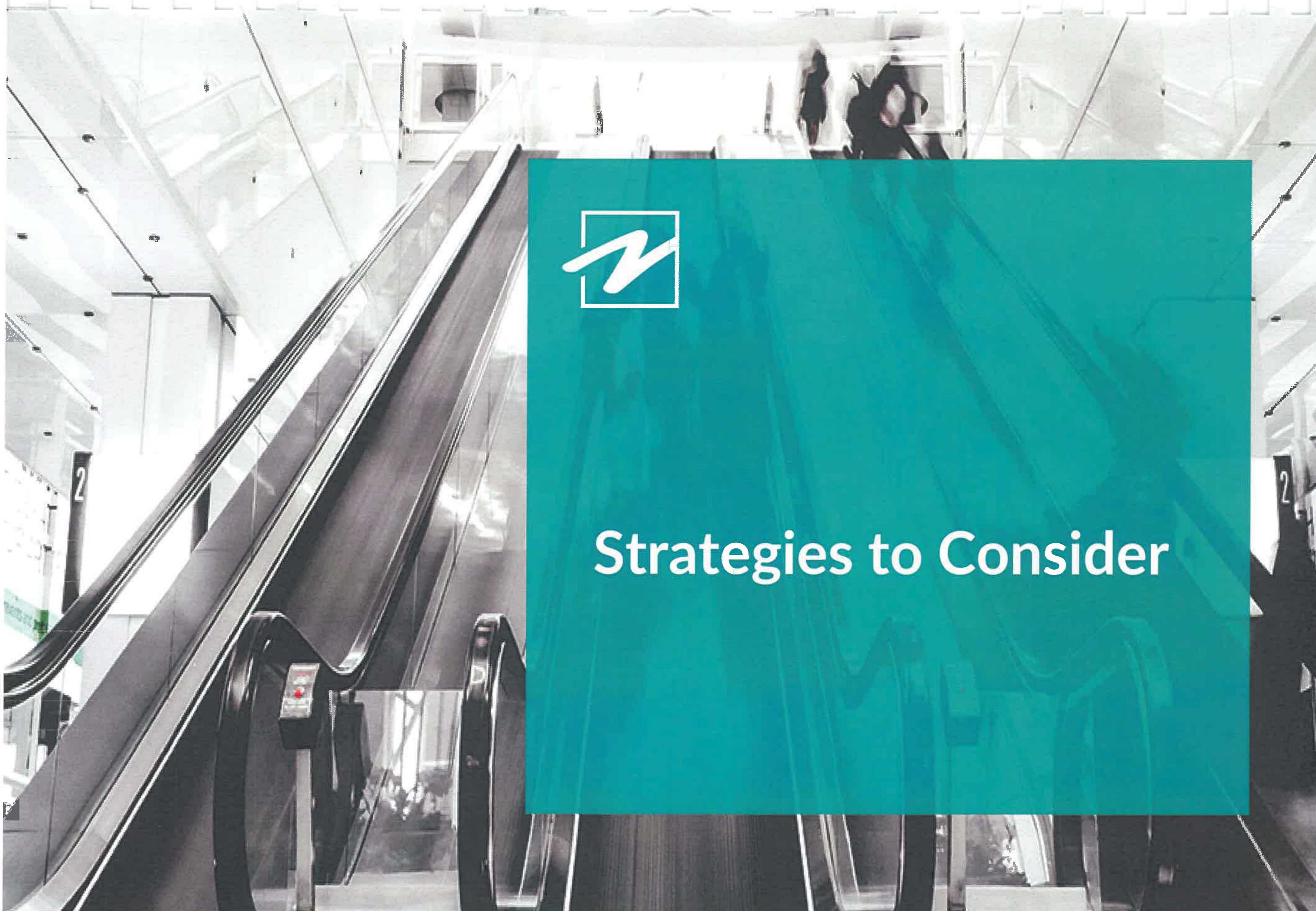
Blues Medicare Advantage Maybe Able to Mandate

Medicare Advantage May require all to be in plan

Could result in higher costs

Retiree Analysis – Post-65 Retirees

- The plans that are currently being used by the 477 where changes can be made include
  - BC, plan 002 from page 10 of this report, 62 enrolled
  - BC, plan 003 from page 10 of this report, 9 enrolled
  - BC, plan 004 from page 10 of this report, 103 enrolled
  - BC, plan 005 from page 11 of this report, 49 enrolled
  - BC, plan 006 from page 11 of this report, 20 enrolled
  - BC, plan 007 from page 11 of this report, 83 enrolled
  - BC, plan 008 from page 12 of this report, 18 enrolled
  - BC, plan 009 from page 12 of this report, 3 enrolled
  - BC, plan 010 from page 12 of this report, 23 enrolled
  - BC, plan 011 from page 13 of this report, 11 enrolled
  - BC, plan 012 from page 13 of this report, 9 enrolled
  - BC, plan 013 from page 13 of this report, 10 enrolled
  - BC, plan 015 from page 14 of this report, 2 enrolled
  - BC, plan 016 from page 14 of this report, 3 enrolled
  - BC, plan 017 from page 15 of this report, 3 enrolled
  - BC, plan 018 from page 15 of this report, 4 enrolled
  - BC, plan 021 from page 16 of this report, 28 enrolled
  - HAP, plan 1001 from page 17 of this report, 10 enrolled
  - HAP, plans 1101 & 1501 from page 18 of this report, 6 enrolled
  - HAP, plans 1201, 1301 & 1401 from page 18 of this report, 3 enrolled
  - HAP PPO, Plan 1001 from page 17 of this report, 1 enrolled
  - HAP Medicare, Plan 1206 from page 18 of this report, 7 enrolled
  - HAP Medicare, Plan 1606 from page 18 of this report, 10 enrolled
  - Based on an understanding of those designs, we believe plan design changes are very possible
  - The next section of this report will illustrate potential design changes and the estimated cost impart of those changes



Strategies to Consider

Factors that Impact Cost of Retiree Medical Plans

- The following factors most impact the costs associated with pre and Post 65 retiree medical costs
- Eligibility – generally some minimum combination of age and service must be met to even be eligible for retiree medical
  - The higher the number, e.g. age 50 with 20 years of service for a factor of 70, vs. age 60 with 25 years of services for a factor of 85, would determine the eligible population
  - Higher the factor, the lower the cost – all other factors remaining equal
- Subsidy – the percentage of the premium that is paid for by the employer
  - This can be different for the retired employee vs. any dependents, or surviving spouse
  - Subsidies of less than 100% directly reduces costs

Factors that Impact Cost of Retiree Medical Plans

- Type of benefit plan
  - This impacts both pre and post 65 retiree – but does so differently
    - For Pre-65 plan types include –
      - Traditional indemnity/comp major medical (no network based reimbursement)
      - PPOs – reimbursement is based on negotiated discounts and has different benefit payment levels for in and out-of-network providers
      - HMOs – reimbursement is based on negotiated discounts and only applies to in-network care (HMOs do not cover out-of-network care, unless emergency or specifically approved

Factors that Impact Cost of Retiree Medical Plans

- Type of benefit plan
  - This impacts both pre and post 65 retiree – but does so differently
    - For Post 65 retirees typical plans are
      - Traditional indemnity/comp major medical
      - PPO
      - HMO
      - Medicare Advantage Part D – program that delivers 100% of Medicare Part A & B (facility and professional), plus supplemental benefits, and includes retail prescription drugs
  - With the exception of the MAPD plans, the type of Post 65 Medicare plan has a nominal impact on cost
    - This is due to most services are delivered by providers than accept Medicare as the basis of the reimbursement
    - MAPD providers also accept Medicare reimbursement levels, but the MAPD structure encompasses all coverage from a single vendor paid by the federal government

Scope and Prevalence of Retiree Benefits

- In the governmental sector frequency which retiree medical benefits are offered are as follows
  - 72% of new hires continue to be offered retiree pre-Medicare medical coverage
  - 43% of new hires continue to be offered retiree Medicare supplement coverage
- For pre-Medicare retirees
  - 87% of those offered coverage are provided a PPO
  - *98% of those offered coverage are provided the same plan design as the actives*
- For Medicare eligible retirees
  - 69% are offered a PPO, 26% are offered a MAPD

2003 Retail Drug Subsidy

Potential Solutions – Focused on Plan Design Changes

- As noted in the plan design section of this report, the current plan structure provides significantly greater benefits than what is common in the broader market – even within the MI Governmental sector
- Since Plan Design offers perhaps the greatest opportunity to reduce expense we believe the first step is to look at plan design
- First as it relates to Pre-65 retirees
- General comments
  - Age is the single best predictor of cost – because the is the highest non Medicare population, costs are generally greatest for this group
  - As noted earlier, plan type and the basis of claim reimbursement, approved charges have a significant impact
    - Recall, reimbursement for an identical service under a comp major medical plan vs. an in-network PPO can be 8% to 20% higher
    - Therefore, adopting a PPO plan for pre 65 retirees is preferable to traditional comp major medical plans

Potential Solutions – Focused on Plan Design Changes

- We have prepared an alternate design applicable only to the population of pre-65 retirees where plan design changes are allowed
- The basis of the design is to mirror features of both the active PPO plan and the current BC plan 021
- We estimate that doing so will produce uniform rates below for the affected 287 pre-65 retirees

Coverage Tier	Estimated Premium Equivalent Rate
Single	$779.68
Two Person	$1,856.67
Full Family	$2,281.47

- The result of a single plan and uniform rates produces an estimated reduction in annual premium equivalent rates of $805,900
- This is a reduction in cost without any changes to eligibility and contributions
- It does assume economies of scale by eliminating HAP as a vendor

BCBSM Plan – Pre 65 New Alternate BC 021 Retiree Recommended Design

Medical	021 Retirees BCBSM In-Network	021 Retirees BCBSM Out-of-Network	022 Retirees BCBSM In-Network
Deductible			
Single	$250	$500	$50
Family	$500	$1,000	$100
Coinsurance			
Inpatient	80%	60%	90%
Outpatient	80%	60%	90%
Coinsurance Max			
Single	$1,250	$2,500	N/A
Family	$2,000	$4,000	N/A
Out-of-Pocket Max			
Single	$6,350	$12,700	$1,050
Family	$12,700	$25,400	$1,100
Visits			
PCP Office	$20 copay	Deduct. & Coinsurance	90% coinsurance after ded
Specialist Office	$40 copay	Deduct. & Coinsurance	90% coinsurance after ded
Urgent Care	$50 copay	Deduct. & Coinsurance	90% coinsurance after ded
ER	$150 copay	$150 copay	90% coinsurance after ded
PRESCRIPTION DRUG			
Retail			
Generic	$5		$2
Brand Formulary	$20		$2
Brand Non-formulary	$40		$2

Potential Solutions – Focused on Plan Design Changes

- We have prepared a similar approach for those that are Post 65 and Medicare Eligible
- The are currently 718 total Post 65 retirees of which 477 are in the category where plan changes are allowed
- Adopting a single Medicare Advantage Part D (MAPD) design
- Bidding the plan competitively among a few carriers
- Will produce very aggressive rates for the County
- This includes all dependents of the 477 with under 65 coverage migrate to the alternative BC 021 plan
- We estimate the cost savings impact to be ~$2,156,300/year in premium reductions
- Estimated rates are illustrated below

Coverage Tier	Estimated Premium Equivalent Rate
Single	$300
Two Person	$600
Full Family	$900

Potential Solutions – Focused on Plan Design Changes

- The estimated impact of the change in the plans are as follows

Class Description	# Retirees Impacted	Original Cost Basis	Estimated New Cost Basis	Cost Reduction
Pre-65	286	$7,147,318	$6,341,401	$805,917
Post 65	477	$7,427,635	$5,271,370	$2,156,265
Total	663 (out of 1037)	$14,574,953	$11,612,771	$2,962,182

- As noted earlier, this is but one strategy, plan design change, and is limited to those where plan design changes are allowed
- Additional strategies are noted on the following page

Potential Solutions – Additional solutions

- Additional strategies include
  - Modifying the eligibility for pre and post 65 retiree medical
    - This could include extending the minimum age and service for eligibility, or perhaps going as far as terminating future retiree medical altogether
      - Not a common strategy for pre-65s
    - Introducing higher retiree contributions
    - Introducing an Employer Paid Health Reimbursement Account (HRA)
      - Plan is simply a defined cash stipend
      - Stipend can be different for pre and post 65s
      - This method, when used, is most useful for post 65s
        - This is because, cost effective individual alternatives are readily available and very competitively priced

Summary Comments & Discussion

Summary

- Based on our understanding of the County's financial situation, continuing the existing retiree, or active, medical plans is not sustainable
- Current purchasing methods are outdated and carry with it unnecessary costs
- Overall costs are not sustainable and not aligned with contemporary active medical plan designs
- Current and past collective bargaining language has restrictions on the ability to change, the carrier, the funding (insured or self-insured), the plan design (all or some of the limits)
- Our review of information provided shows plan changes are allowed for
  - 287 of 318 pre-65 retirees
  - 477 of 718 post-65 retirees

Summary & Discussion

- Updating the pre-65 cohort where design changes are allowed reduces current gross costs by an estimated $805,900/year
- Updating the post 65 cohort where design changes are allowed reduces current gross costs by an estimated $2,156,265/year
- The cost reductions will have a significant impact on the County's OPEB/GASB liabilities
  - If adopted, a new actuarial valuation will be required
  - The combination of a drop in cash costs and impact on long term liabilities will significantly change the County's position as it deals with PA 202
- We strongly recommend considering changes to active and all retiree groups, albeit, some changes may require bargaining and/or negotiations
- Other alternatives are also available and may produce even greater cost reductions results